

2005 DRAFTING REQUEST

Bill

Received: **11/22/2004**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Koskinen**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Business - utilities**

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**

Pre Topic:

DOA:.....Koskinen, BB0268 -

Topic:

Terminal tax payments for oil pipeline terminal facilities

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?				_____			S&L
/P1	jkreye 11/23/2004 jkreye 01/25/2005	jdyer 11/24/2004 jdyer 01/25/2005	jfrantze 11/24/2004	_____	mbarman 11/24/2004		S&L
/1	jkreye 01/26/2005	jdyer 01/26/2005	rschluet 01/25/2005	_____	sbasford 01/25/2005		S&L

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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/2			rschluet	_____	lnorthro		
			01/26/2005	_____	01/26/2005		

FE Sent For:

<END>

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/P1	jkreye 11/23/2004	jdyer 11/24/2004	jfrantze 11/24/2004		mbarman 11/24/2004		

FE Sent For:

11/25 jcd


LRB-0945

11/24/2004 11:50:26 AM

Page 2

<END>

2005 DRAFTING REQUEST

Bill

Received: 11/22/2004

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Justus**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Business - utilities**

Extra Copies:

Submit via email: **NO**

Pre Topic:

DOA:.....Justus, BB0268 -

Topic:

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Instructions:

See Attached

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/?	jkreye	<i>P1 11/24 jid</i>	<i>[Signature]</i>	<i>[Signature]</i>			

FE Sent For:

<END>

2005-07 Budget Bill Statutory Language Drafting Request

- Topic: Terminal Tax
- Tracking Code: (Assigned by Government Operations Team)
- SBO team: Tax and Justice BB 1268
- SBO analyst: Sarah Justus
 - Phone: 7-6921
 - Email: sarah.justus@doa.state.wi.us
- Agency acronym: DOR
- Agency number: 566

Please see the attached e-mail from DOR regarding the establishment of a "terminal tax" payment for oil pipeline terminal facilities. There are specific statutory changes on the top of the second page. Please note the effective in the last sentence.

Thanks,
Sarah

Justus, Sarah

From: Gates-Hendrix, Sherrie
Sent: Wednesday, November 10, 2004 4:50 PM
To: Justus, Sarah
Subject: terminal tax payments for oil pipeline terminals

Sarah --

Here's some background on the terminal tax payments idea. Bill McCoshen lobbies on this issue. Hope this helps. Call if you need more, or Dan Huegel in Research and Policy can be helpful on details.

Sherrie

6-5705

Property owned by a utility company taxed by the state under Chapter 76 is exempt from local property taxes. Railroads and oil pipelines are taxed under Chapter 76 (on an ad valorem basis) and their property is therefore exempt from property taxes.

Some types of utility property can place major burdens on the municipalities where they are located. Instead of providing shared revenue payments (of up to 9 mills on net book value, shared with counties), state law provides for a "terminal tax" payment for certain utility property. Three "terminal tax" payments are made under current law:

- (1) A payment for docks, ore yards, piers, wharves, and grain elevators owned by railroads equal to the value allocated to the facilities times the state average net tax rate. In 2003, the total payment was \$1,084,657.
- (2) A payment for railroad repair facilities owned by railroads equal to the value allocated to the facilities times the state average net tax rate. In 2003, the total payment was \$65,730.
- (3) A payment for pipeline terminal property used to transfer oil from pipelines to vessels. This payment was created in 1974 at the request of the City of Superior when the Lakehead Pipe Line Company planned to build such a facility in Superior. The project did not get the required permits and was cancelled 1977. Thus, no payments were made in 2003.

The City of Superior has requested that a terminal payment be created for oil pipeline terminals. The largest oil pipeline terminal facility in the state (and one of the largest ones in this part of the nation) is located in that city. The facility is owned by Lakehead Pipeline (part of Enbridge Pipe Line Partners). The city argues that it provide services to this large and growing facility but is unable to tax it and receives no payments on its behalf.

The Lakehead Pipeline was built from Edmonton, Alberta to Superior, Wisconsin in 1950, and a terminal facility has been located in Superior since then. This property formerly qualified for a shared revenue utility payment (on a return-to-origins basis before 1971 and on net book value from 1972 to 1975). The shared revenue payment on all pipeline property was repealed effective with payments in 1976.

Pros and Cons of Creating a Payment

Oil terminal facilities can create significant service demands on municipalities, especially for fire protection and handling leaks of hazardous materials. Pipelines pay no property taxes for these facilities, and there is no state payment generated from the utility tax the state collects from them. This creates an incentive for municipalities to resist allowing these facilities to locate or expand within their borders.

On the other hand, the proposed payment may over-compensate municipalities, since the municipality retains the entire payment (based on the state average tax rate for all purposes, including counties, schools, and technical colleges) with no sharing of the proceeds with overlying taxation units.

Proposal

A terminal tax payment for oil pipeline terminal facilities could be crafted to equal the state average net tax rate times the value allocated to the terminal facilities.

The following statutory changes would be needed:

- (1) Amend s. 76.16 to direct the Department of Revenue to separately value pipeline companies' terminal property.
- (2) Amend s. 76.24 (2) (a), under which the current terminal tax payments are made, to permit the new payment. However, the payment for pipelines should come from the general fund since pipeline taxes are deposited in the general fund. (The statute states that the payment is to be made by August 15, but the values on which the payments are made are not determined until October. The statute should be amended to correct for this.)

The proposal could take effect January 1, 2006, with the first payments made in the fall of 2006 (FY 2007).

Kreye, Joseph

From: Huegel, Daniel P
Sent: Monday, November 22, 2004 3:12 PM
To: Kreye, Joseph
Subject: Question on oil pipeline terminal payments

This morning you called about the proposal to create a payment for oil pipeline terminals. I've made a stab at how I think the statutes could be amended to reflect the payment. Basically, the language on the current pipeline terminal payment can "cleaned up" a bit so that it applies to oil pipeline terminals in general, not just terminals where oil is transferred to ships.

There is a problem with the payments in 76.24. The statute really deals with the railroad-funded payments. The oil pipeline terminal payments do not really fit in since they are funded from a GPR-revenue source.

I hope this helps clarify what was wanted.

Daniel Huegel

76.16 Separate valuation of repair facilities, docks, piers, wharves, ore yards, elevators, car ferries and oil pipeline terminal facilities.

After the property of a company is first valued as a whole, if any repair facilities, docks, ore yards, piers, wharves, grain elevators or car ferries used in transferring freight or passengers between cars and vessels or transfer of freight cars located on car ferries, or if any oil pipeline terminal ~~storage facilities, docks, pipelines and pumping equipment used in transferring oil from pipelines to vessels~~ shall be included in such valuation, then for the purpose of accounting to the proper taxation districts, the department shall make a separate valuation of each such repair facility, dock, ore yard, pier, wharf, grain elevator, including the approaches thereto, or car ferries and of each ~~such~~ oil pipeline terminal ~~storage facility, dock, pipeline and pumping equipment~~. As used herein, an approach shall be an immediate access facility commencing at the switching point which leads primarily to the terminal facility. For the purpose of defining the oil pipeline terminal facilities affected by this section, such facilities shall begin where the incoming pipeline enters the terminal storage facility site ~~used in the transfer of oil to vessels~~.

76.24 Distribution of revenue. (1) All taxes collected from companies defined in s. 76.02 under this subchapter shall be transmitted by the department to the secretary of administration and become a part of the general fund for the use of the state, except that taxes paid into the state treasury by any air carrier or railroad company shall be deposited in the transportation fund.

(2) (a) All taxes paid by any railroad company or oil pipeline company derived from or apportionable to repair facilities, docks, ore yards, piers, wharves, grain elevators, and their approaches, or car ferries or oil pipeline terminal ~~storage facilities, docks, pipelines and pumping equipment used in transferring oil from pipelines to vessels~~ on the basis of the separate valuation provided for in s. 76.16, shall be distributed annually from the transportation fund or general fund, as appropriate, to the towns, villages and cities in which they are located, pursuant to certification made by the department of revenue on or before August 15.

(b) If the state is compelled to refund in whole or in part any of the taxes which have been distributed to municipalities under par. (a), such municipalities shall repay to the state for deposit in the transportation fund or general fund, as appropriate, the amount of such tax so received by them, and the department of administration shall certify the amounts to be repaid to the state to the county clerks of the counties in which such municipalities are located for levy and collection from the municipalities as other state taxes are levied and collected.

(c) If an error in any past distribution roll is discovered, the same may be corrected by making the proper addition to or subtraction from any of the 3 subsequent distribution rolls.



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-0945/P1

JK:.....

SOON

JL

DOA:.....Koskinen, BB0268 - Terminal tax payments for oil pipeline
terminal facilities

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

in 11-23-04

DN

don't gen

1

AN ACT ...; relating to: the budget. ✓

Analysis by the Legislative Reference Bureau

TAXATION ✓

OTHER TAXATION ✓

Under current law, the amount of the taxes imposed by the state on railroad company property related to repair facilities, docks, ore yards, piers, wharves, grain *elevators, or car ferries is distributed annually to the towns, villages, and cities in which such property is located. Under this bill, the amount of the taxes imposed by the state on a oil pipeline terminal facility ✓ owned by a pipeline company is distributed annually to the towns, villages, and cities in which such property is located.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2

SECTION 1. 20.855 (4) (bm) of the statutes is created to read: ✓

20.855 (4) (bm) *Oil pipeline terminal tax distribution.* ✓ A sum sufficient to

distribute oil pipeline terminal taxes to towns, villages, and cities under s. 76.24 (2)

(am). ✓

→ NOTE: BUD

SECTION 2. 20.855 (4) (q) ✓ of the statutes is amended to read:

20.855 (4) (q) *Terminal tax distribution.* From the transportation fund, a sum

sufficient for the towns', villages' and cities' share of railroad taxes under s. 76.24 (2)

(a). ✓

History: 1971 c. 215; 1973 c. 26, 27, 90, 331; 1975 c. 39, 164; 1977 c. 29 ss. 367 to 374m, 1657 (50); 1977 c. 107, 272, 418; 1979 c. 34 s. 613, 643, 644 to 666m; 1979 c. 221; 1981 c. 1, 20; 70 Atty. Gen. 154; 1981 c. 93, 317, 346; 1983 a. 3; 1983 a. 27 ss. 475, 491 to 497, 525; 1983 a. 300; 1985 a. 29, 120; 1987 a. 27, 142; 1987 a. 312 s. 17; 1989 a. 31, 335; 1991 a. 39; 1993 a. 16, 496; 1995 a. 27, 404; 1997 a. 27, 63; 1999 a. 4, 9; 2001 a. 16, 109; 2003 a. 33.

SECTION 3. 76.16 of the statutes is amended to read:

76.16 Separate valuation of repair facilities, docks, piers, wharves, ore yards, elevators, car ferries and oil ✓ pipeline terminal facilities. After the property of a company is first valued as a whole, if any repair facilities, docks, ore yards, piers, wharves, grain elevators or car ferries used in transferring freight or passengers between cars and vessels or transfer of freight cars located on car ferries, or if any oil pipeline ✓ terminal storage facilities, ~~docks, pipelines and pumping equipment used in transferring oil from pipelines to vessels~~ shall be included in such valuation, then for the purpose of accounting to the proper taxation districts, the department shall make a separate valuation of each such repair facility, dock, ore yard, pier, wharf, grain elevator, including the approaches thereto, or car ferries and of each such oil pipeline ✓ terminal storage facility, ~~dock, pipeline and pumping equipment~~. As used herein, an approach shall be an immediate access facility commencing at the switching point which leads primarily to the terminal facility. For the purpose of defining the oil ✓ pipeline terminal facilities affected by this section,

1 such facilities shall begin where the incoming pipeline enters the terminal storage
2 facility site^{plain} ~~used in the transfer of oil to vessels.~~

History: 1973 c. 333; 2001 a. 16.

3 **SECTION 4.** 76.24 (2) (a) [✓] of the statutes is amended to read:

4 76.24 (2) (a) All taxes paid by any railroad company derived from or
5 apportionable to repair facilities, docks, ore yards, piers, wharves, grain elevators,
6 and their approaches, or car ferries [✓] ~~or terminal storage facilities, docks, pipelines~~
7 ~~and pumping equipment used in transferring oil from pipelines to vessels~~ on the
8 basis of the separate valuation provided for in s. 76.16, shall be distributed annually
9 from the transportation fund to the towns, villages and cities in which they are
10 located, pursuant to certification made by the department of revenue on or before
11 August 15.

History: 1971 c. 125, 215; 1973 c. 90; 1973 c. 243 s. 82; 1973 c. 333, 336; 1975 c. 39, 224; 1977 c. 29, 142, 272, 418; 1979 c. 34; 1979 c. 102 s. 236 (1); 1981 c. 20; 2001 a. 16; 2003 a. 33.

12 **SECTION 5.** 76.24 (2) (am) [✓] of the statutes is created to read:

13 76.24 (2) (am) All taxes paid by any pipeline company derived from or
14 apportionable to oil pipeline terminal facilities on the basis of the separate valuation
15 under s. [✓] 76.16 shall be distributed annually from the appropriation under s. 20.855
16 (4) (b) ^m to the towns, villages, and cities in which the facilities are located, pursuant
17 to certification made by the department ~~MINIMUM~~ ^{plain} no later than November 1.

18 **SECTION 6.** 76.24 (2) (bm) [✓] of the statutes is created to read:

19 76.24 (2) (bm) If the state is compelled to refund in whole or in part any of the
20 taxes which have been distributed to municipalities under par. [✓] (am), the
21 municipalities shall repay to the state, for deposit in the [✓] general fund, the amount
22 of such tax received by them, and the department of administration [✓] shall certify the
23 amounts to be repaid to the state to the county clerks of the counties in which the

1 municipalities are located for levy and collection from the municipalities as other
2 state taxes are levied and collected.

3 **SECTION 9441. Effective dates; revenue.** ✓

4 (1) OIL PIPELINE TERMINAL TAX DISTRIBUTIONS. ✓ The treatment of sections 20.855
5 (4) (bm) and (q), ✓ 76.16, and 76.24 (a), (am), and (bm) ✓ of the statutes takes effect on
6 January 1, 2006.

7 (END)

d-note
↓

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0945/P1dn

JK:.....

JK

John Koskinen:

Please review this draft carefully to ensure that it is consistent with your intent. You may want to define "oil pipeline terminal facility." ✓

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.state.wi.us

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0945/P1dn
JK:jld:jf

November 24, 2004

John Koskinen:

Please review this draft carefully to ensure that it is consistent with your intent. You may want to define "oil pipeline terminal facility."

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.state.wi.us

Kreye, Joseph

From: Kraus, Jennifer - DOA
Sent: Saturday, January 22, 2005 10:11 AM
To: Kreye, Joseph
Cc: Lashore, Patricia M
Subject: FW: LRB Draft: 05-0945/P1 Terminal tax payments for oil pipeline terminal facilities



05-0945/P1



05-0945/P1dn

Hi Joe - Decision was made to phase this in 50% of \$1,120,000 in FY07 and then 100% in FY08. Is there a reason it has to be a sum sufficient? I think I would prefer a sum certain appropriation.

Thanks - Jennifer

-----Original Message-----

From: Frantzen, Jean [mailto:Jean.Frantzen@legis.state.wi.us]
Sent: Wednesday, November 24, 2004 11:42 AM
To: Koskinen, John
Cc: Hanaman, Cathlene; Haugen, Caroline; Merry-Mason, Monica
Subject: LRB Draft: 05-0945/P1 Terminal tax payments for oil pipeline terminal facilities

Following is the PDF version of draft 05-0945/P1.

Jennifer is getting an answer back on this

Kreye, Joseph

From: Kraus, Jennifer - DOA
Sent: Tuesday, January 25, 2005 10:35 AM
To: Kreye, Joseph
Cc: Lashore, Patricia M
Subject: RE: LRB Draft: 05-0945/P1 Terminal tax payments for oil pipeline terminal facilities

Joe - Just wanted to make sure that I still need the 50% in FY07 and up to 100% in FY08. Can you cap the sum sufficient at \$652,100 in FY07? Let me know - Jenny

-----Original Message-----

From: Kraus, Jennifer - DOA
Sent: Monday, January 24, 2005 3:26 PM
To: Kreye, Joseph
Cc: Lashore, Patricia M
Subject: RE: LRB Draft: 05-0945/P1 Terminal tax payments for oil pipeline terminal facilities

Joe - You can leave this as a sum sufficient - thx

-----Original Message-----

From: Kreye, Joseph [mailto:Joseph.Kreye@legis.state.wi.us]
Sent: Monday, January 24, 2005 7:47 AM
To: Kraus, Jennifer - DOA
Cc: Lashore, Patricia M
Subject: RE: LRB Draft: 05-0945/P1 Terminal tax payments for oil pipeline terminal facilities

I was made a sum sufficient originally because I assumed that the amount to be paid out was dependent upon the amount of taxes paid in. I can change the appropriation to a sum certain if you prefer.

Joseph T. Kreye
Legislative Attorney
Legislative Reference Bureau
(608) 266-2263

-----Original Message-----

From: Kraus, Jennifer - DOA
Sent: Saturday, January 22, 2005 10:11 AM
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Cc: Lashore, Patricia M
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State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-0945/P1
JK:jld:jf

THIS A.M.

RM not R

DOA:.....Koskinen, BB0268 - Terminal tax payments for oil pipeline terminal facilities

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

in 1-25-05

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2 SECTION 1. 20.855 (4) (bm) of the statutes is created to read:

20.855 (4) (bm) *Oil pipeline terminal tax distribution.* A sum sufficient to distribute oil pipeline terminal taxes to towns, villages, and cities under s. 76.24 (2)

(am) *except that distribution paid from the appropriation in fiscal year 2007 may not exceed \$652,100*

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 2. 20.855 (4) (q) of the statutes is amended to read:

20.855 (4) (q) *Terminal tax distribution.* From the transportation fund, a sum sufficient for the towns', villages' and cities' share of railroad taxes under s. 76.24 (2) (a).

SECTION 3. 76.16 of the statutes is amended to read:

76.16 Separate valuation of repair facilities, docks, piers, wharves, ore yards, elevators, car ferries and oil pipeline terminal facilities. After the property of a company is first valued as a whole, if any repair facilities, docks, ore yards, piers, wharves, grain elevators or car ferries used in transferring freight or passengers between cars and vessels or transfer of freight cars located on car ferries, or if any oil pipeline terminal storage facilities, ~~docks, pipelines and pumping equipment used in transferring oil from pipelines to vessels~~ shall be included in such valuation, then for the purpose of accounting to the proper taxation districts, the department shall make a separate valuation of each such repair facility, dock, ore yard, pier, wharf, grain elevator, including the approaches thereto, or car ferries and of each such oil pipeline terminal storage facility, ~~dock, pipeline and pumping equipment~~. As used herein, an approach shall be an immediate access facility commencing at the switching point which leads primarily to the terminal facility. For the purpose of defining the oil pipeline terminal facilities affected by this section,

1 such facilities shall begin where the incoming pipeline enters the terminal storage
2 facility site used in the transfer of oil to vessels.

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4 76.24 (2) (a) All taxes paid by any railroad company derived from or
5 apportionable to repair facilities, docks, ore yards, piers, wharves, grain elevators,
6 and their approaches, or car ferries ~~or terminal storage facilities, docks, pipelines~~
7 ~~and pumping equipment used in transferring oil from pipelines to vessels~~ on the
8 basis of the separate valuation provided for in s. 76.16, shall be distributed annually
9 from the transportation fund to the towns, villages and cities in which they are
10 located, pursuant to certification made by the department of revenue on or before
11 August 15.

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13 76.24 (2) (am) All taxes paid by any pipeline company derived from or
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15 under s. 76.16 shall be distributed annually from the appropriation under s. 20.855
16 (4) (bm) to the towns, villages, and cities in which the facilities are located, pursuant
17 to certification made by the department of revenue no later than November 1.

18 **SECTION 6.** 76.24 (2) (bm) of the statutes is created to read:

19 76.24 (2) (bm) If the state is compelled to refund in whole or in part any of the
20 taxes which have been distributed to municipalities under par. (am), the
21 municipalities shall repay to the state, for deposit in the general fund, the amount
22 of such tax received by them, and the department of administration shall certify the
23 amounts to be repaid to the state to the county clerks of the counties in which the
24 municipalities are located for levy and collection from the municipalities as other
25 state taxes are levied and collected.

SECTION 9441. Effective dates; revenue.

(1) OIL PIPELINE TERMINAL TAX DISTRIBUTIONS. The treatment of sections 20.855 (4) (bm) and (q), 76.16, and 76.24 (a), (am), and (bm) of the statutes takes effect on January 1, 2006.

(END)

Kreye, Joseph

From: Lashore, Patricia M
Sent: Wednesday, January 26, 2005 1:29 PM
To: Kreye, Joseph; Kraus, Jennifer - DOA
Subject: RE: LRB Draft: 05-0945/1 Terminal tax payments for oil pipeline terminal facilities

Joe, under 20.855(4) (bm), the cap should state "except that the distribution paid from this appropriation in fiscal year 2006-07 may not exceed \$652,100." Jenny Kraus asked that I reply to your e-mail. Thanks.

-----Original Message-----

From: Kreye, Joseph [mailto:Joseph.Kreye@legis.state.wi.us]
Sent: Wednesday, January 26, 2005 11:38 AM
To: Kraus, Jennifer - DOA
Cc: Lashore, Patricia M
Subject: RE: LRB Draft: 05-0945/1 Terminal tax payments for oil pipeline terminal facilities

So do you mean fiscal year 2006-07 as opposed to fiscal year 2007-08? What calendar year are you talking about?

Joseph T. Kreye
Legislative Attorney
Legislative Reference Bureau
(608) 266-2263

-----Original Message-----

From: Kraus, Jennifer - DOA
Sent: Wednesday, January 26, 2005 11:25 AM
To: Kreye, Joseph
Cc: Lashore, Patricia M
Subject: FW: LRB Draft: 05-0945/1 Terminal tax payments for oil pipeline terminal facilities

Joe - The capped sum sufficient needs to be in FY07 not FY08. Thanks - Jenny

-----Original Message-----

From: Merry-Mason, Monica
Sent: Tuesday, January 25, 2005 4:03 PM
To: Kraus, Jennifer - DOA
Subject: FW: LRB Draft: 05-0945/1 Terminal tax payments for oil pipeline terminal facilities

-----Original Message-----

From: Schlueter, Ron [mailto:Ron.Schlueter@legis.state.wi.us]
Sent: Tuesday, January 25, 2005 11:27 AM
To: Koskinen, John
Cc: Hanaman, Cathlene; Haugen, Caroline; Merry-Mason, Monica
Subject: LRB Draft: 05-0945/1 Terminal tax payments for oil pipeline terminal facilities

Following is the PDF version of draft 05-0945/1.



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-0945/1

JK:jld:rs

DOA:.....Koskinen, BB0268 - Terminal tax payments for oil pipeline terminal facilities

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

in 1-26-05

DON'T
GEN

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

OTHER TAXATION

Under current law, the amount of the taxes imposed by the state on railroad company property related to repair facilities, docks, ore yards, piers, wharves, grain elevators, or car ferries is distributed annually to the towns, villages, and cities in which such property is located. Under this bill, the amount of the taxes imposed by the state on a oil pipeline terminal facility owned by a pipeline company is distributed annually to the towns, villages, and cities in which such property is located.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2 SECTION 1. 20.855 (4) (bm) of the statutes is created to read:

3 20.855 (4) (bm) *Oil pipeline terminal tax distribution.* A sum sufficient to

4 distribute oil pipeline terminal taxes to towns, villages, and cities under s. 76.24 (2)

1 (am), except that the distribution paid from this appropriation in fiscal year ~~2007-08~~ 2006-07
2 may not exceed \$652,100.

***NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

3 SECTION 2. 20.855 (4) (q) of the statutes is amended to read:

4 20.855 (4) (q) *Terminal tax distribution.* From the transportation fund, a sum
5 sufficient for the towns', villages' and cities' share of railroad taxes under s. 76.24 (2)
6 (a).

7 SECTION 3. 76.16 of the statutes is amended to read:

8 **76.16 Separate valuation of repair facilities, docks, piers, wharves, ore**
9 **yards, elevators, car ferries and oil pipeline terminal facilities.** After the
10 property of a company is first valued as a whole, if any repair facilities, docks, ore
11 yards, piers, wharves, grain elevators or car ferries used in transferring freight or
12 passengers between cars and vessels or transfer of freight cars located on car ferries,
13 or if any oil pipeline terminal storage facilities, ~~docks, pipelines and pumping~~
14 ~~equipment used in transferring oil from pipelines to vessels~~ shall be included in such
15 valuation, then for the purpose of accounting to the proper taxation districts, the
16 department shall make a separate valuation of each such repair facility, dock, ore
17 yard, pier, wharf, grain elevator, including the approaches thereto, or car ferries and
18 of each such oil pipeline terminal storage facility, ~~dock, pipeline and pumping~~
19 ~~equipment.~~ As used herein, an approach shall be an immediate access facility
20 commencing at the switching point which leads primarily to the terminal facility. For
21 the purpose of defining the oil pipeline terminal facilities affected by this section,
22 such facilities shall begin where the incoming pipeline enters the terminal storage
23 facility site ~~used in the transfer of oil to vessels.~~

1 **SECTION 4.** 76.24 (2) (a) of the statutes is amended to read:

2 76.24 (2) (a) All taxes paid by any railroad company derived from or
3 apportionable to repair facilities, docks, ore yards, piers, wharves, grain elevators,
4 and their approaches, or car ferries ~~or terminal storage facilities, docks, pipelines~~
5 ~~and pumping equipment used in transferring oil from pipelines to vessels~~ on the
6 basis of the separate valuation provided for in s. 76.16, shall be distributed annually
7 from the transportation fund to the towns, villages and cities in which they are
8 located, pursuant to certification made by the department of revenue on or before
9 August 15.

10 **SECTION 5.** 76.24 (2) (am) of the statutes is created to read:

11 76.24 (2) (am) All taxes paid by any pipeline company derived from or
12 apportionable to oil pipeline terminal facilities on the basis of the separate valuation
13 under s. 76.16 shall be distributed annually from the appropriation under s. 20.855
14 (4) (bm) to the towns, villages, and cities in which the facilities are located, pursuant
15 to certification made by the department of revenue no later than November 1.

16 **SECTION 6.** 76.24 (2) (bm) of the statutes is created to read:

17 76.24 (2) (bm) If the state is compelled to refund in whole or in part any of the
18 taxes which have been distributed to municipalities under par. (am), the
19 municipalities shall repay to the state, for deposit in the general fund, the amount
20 of such tax received by them, and the department of administration shall certify the
21 amounts to be repaid to the state to the county clerks of the counties in which the
22 municipalities are located for levy and collection from the municipalities as other
23 state taxes are levied and collected.

24 **SECTION 9441. Effective dates; revenue.**

1 (1) OIL PIPELINE TERMINAL TAX DISTRIBUTIONS. The treatment of sections 20.855
2 (4) (bm) and (q), 76.16, and 76.24 (a), (am), and (bm) of the statutes takes effect on
3 January 1, 2006.

4 (END)



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-0945/2

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For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

2 SECTION 1. 20.855 (4) (bm) of the statutes is created to read:

3 20.855 (4) (bm) *Oil pipeline terminal tax distribution.* A sum sufficient to
4 distribute oil pipeline terminal taxes to towns, villages, and cities under s. 76.24 (2)

(am), except that the distribution paid from this appropriation in fiscal year 2006–07 may not exceed \$652,100.

***NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 2. 20.855 (4) (q) of the statutes is amended to read:

20.855 (4) (q) *Terminal tax distribution.* From the transportation fund, a sum sufficient for the towns', villages' and cities' share of railroad taxes under s. 76.24 (2) (a).

SECTION 3. 76.16 of the statutes is amended to read:

76.16 Separate valuation of repair facilities, docks, piers, wharves, ore yards, elevators, car ferries and oil pipeline terminal facilities. After the property of a company is first valued as a whole, if any repair facilities, docks, ore yards, piers, wharves, grain elevators or car ferries used in transferring freight or passengers between cars and vessels or transfer of freight cars located on car ferries, or if any oil pipeline terminal storage facilities, ~~docks, pipelines and pumping equipment used in transferring oil from pipelines to vessels~~ shall be included in such valuation, then for the purpose of accounting to the proper taxation districts, the department shall make a separate valuation of each such repair facility, dock, ore yard, pier, wharf, grain elevator, including the approaches thereto, or car ferries and of each such oil pipeline terminal storage facility, ~~dock, pipeline and pumping equipment~~. As used herein, an approach shall be an immediate access facility commencing at the switching point which leads primarily to the terminal facility. For the purpose of defining the oil pipeline terminal facilities affected by this section, such facilities shall begin where the incoming pipeline enters the terminal storage facility site ~~used in the transfer of oil to vessels~~.

1 **SECTION 4.** 76.24 (2) (a) of the statutes is amended to read:

2 76.24 (2) (a) All taxes paid by any railroad company derived from or
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4 and their approaches, or car ferries ~~or terminal storage facilities, docks, pipelines~~
5 ~~and pumping equipment used in transferring oil from pipelines to vessels on the~~
6 basis of the separate valuation provided for in s. 76.16, shall be distributed annually
7 from the transportation fund to the towns, villages and cities in which they are
8 located, pursuant to certification made by the department of revenue on or before
9 August 15.

10 **SECTION 5.** 76.24 (2) (am) of the statutes is created to read:

11 76.24 (2) (am) All taxes paid by any pipeline company derived from or
12 apportionable to oil pipeline terminal facilities on the basis of the separate valuation
13 under s. 76.16 shall be distributed annually from the appropriation under s. 20.855
14 (4) (bm) to the towns, villages, and cities in which the facilities are located, pursuant
15 to certification made by the department of revenue no later than November 1.

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23 state taxes are levied and collected.

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(1) OIL PIPELINE TERMINAL TAX DISTRIBUTIONS. The treatment of sections 20.855
(4) (bm) and (q), 76.16, and 76.24 (a), (am), and (bm) of the statutes takes effect on
January 1, 2006.

4 (END)